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House Agriculture Committee
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FROZEN CONCENTRATED ORANGE JUICE

WEDNESDAY, JUNE 5, 1968

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m. in room 1301 Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Gathings, Abbitt, Jones of Missouri, Stubblefield, Purcell, de la Garza, Jones of North Carolina, Dow, Teague, Hansen, Wampler, Miller, Burke, Mathias, Zwach, Kleppe, and Price.

Also present: Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde H. Murray, assistant general counsel; L. T. Easley, staff consultant.

The CHAIRMAN. We will now take up the bill, S. 3143—

To amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such act.

(The bill follows:)

[S. 3143, 90th Cong., second sess.]

AN ACT To amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third sentence of section 2(a) of the Commodity Exchange Act, as amended (7 U.S.C. 2), is amended by striking out "and livestock products" and inserting in lieu thereof "livestock products, and frozen concentrated orange juice".

Passed the Senate May 17, 1968.

Attest:

FRANCIS R. VALEO, *Secretary.*

The CHAIRMAN. I call on Mr. Alex Caldwell, Administrator of the Commodity Exchange Authority, who is present.

We will be glad to hear from you, Mr. Caldwell.

At this time I ask permission to insert after Mr. Caldwell's statement a statement by Mr. Lynn of the American Farm Bureau Federation, in general support of the bill, suggesting, however, that we should change the law so that any time in the future when a commodity is admitted to trading on the board it automatically be under the provisions of the Commodity Exchange Act.

STATEMENT OF ALEX C. CALDWELL, ADMINISTRATOR, COMMODITY EXCHANGE AUTHORITY; ACCCOMPANIED BY RONALD CALLANDER, DIRECTOR OF TRADING DIVISION, COMMODITY EXCHANGE AUTHORITY

Mr. CALDWELL. Thank you, Mr. Chairman.

I have with me Mr. Ronald C. Callander, Director of the Trading Division of the Commodity Exchange Authority.

The CHAIRMAN. Glad to have you with us.

Mr. CALDWELL. Mr. Chairman and members of the committee, I am pleased to have this opportunity to appear before you today to present the Department's views on S. 3143, a bill to amend the Commodity Exchange Act by adding frozen concentrated orange juice to the commodities covered by the act.

The Department recommends the enactment of the bill.

Frozen orange juice is a new commodity in futures trading. Trading began in October 1966—about 20 months ago—on the Citrus Associates of the New York Cotton Exchange. In other words, the cotton exchange and its members inaugurated trading in this new commodity. I believe the market has taken hold in a manner beyond the highest hopes of its promoters.

The contract unit in which futures trading is conducted is 15,000 pounds of orange solids. Deliveries are made from exchange-licensed warehouses in Florida. The deliverable grade of frozen orange concentrate is U.S. Grade A.

Since the beginning of the market, futures trading in orange juice has risen steadily. In the calendar year 1967, the total volume of trading was 23,338 contracts. However, in the first 5 months of 1968, trading has ballooned to 52,246 contracts—more than double the total trading for all of 1967. The estimated value of this trading is \$400 million. Open contracts in frozen orange juice futures at the end of May amounted to 5,411 contracts and were approximately one and one-half times the level at the beginning of 1968. Open contracts are the number of contracts outstanding remaining to be settled, and are the best measure of market utilization by the industry and by the speculative public. There is every indication that the orange juice futures market is growing in economic use and is making itself felt as a marketing tool in the distribution of citrus products.

Since the beginning of trading, futures prices of frozen orange juice have been featured by wide fluctuations. The range between the high and low prices of the near futures in the first 6 months of 1967 amounted to 11 cents per pound. The range in the second 6 months amounted to 28 cents per pound. In the first 6 month of 1968, the range has been 11 cents per pound. These wide fluctuations which have occurred have increased participation by the citrus industry and the public as is the case in all futures markets with large fluctuations. The price of the July future on May 29, 1968, closed at 53.60 cents per pound compared to 61.55 cents on December 29, 1967.

Under the Commodity Exchange Act we have no authority to make a direct study of the operations of the futures market in orange juice. However, a study of market utilization has been made by the Florida Citrus Commission. The report on this study entitled "The Futures

Market for Frozen Concentrated Orange Juice After One Year," draws the following conclusion:

It was generally concluded by all the parties contacted that the futures market has enjoyed a successful first year. After a somewhat slow start, trade interests and trading volume have been highly satisfactory. It is expected that trade interest will continue to increase as hedging opportunities become more apparent to Florida processors and the volume purchasers of concentrate outside of Florida. Both hedgers and speculators have been active traders, which is another criterion of success.

The frozen orange juice futures market is one of the more active markets in agricultural commodities. The enactment of the bill would enable the Department to follow the day-to-day operations of traders in this market, and to prosecute persons who may engage in price manipulation and other unlawful trading practices.

In summary, the enactment of this bill would enable the Department to give the same type of protection to citrus producers and the general public as is now given to producers and the public in the grain markets, the cotton market, and the various other markets now covered by the act or to be brought under its provisions on June 18 by Public Law 90-258.

I would like to suggest that if the bill is approved it be made effective 90 days after its enactment rather than upon enactment. This would allow time for necessary changes in regulations and procedures, and a smoother transition from a nonregulated to a regulated market.

(Mr. Lynn's statement follows:)

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., June 5, 1968.

Hon. W. R. POAGE,
Chairman, House Committee on Agriculture,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN POAGE: We support in principle the provisions of S. 3143, to amend the Commodity Exchange Act as amended to make frozen concentrated orange juice subject to the provisions of this Act.

We also recommend that the Commodity Exchange Act be further amended to provide that when futures trading is inaugurated for a commodity, that such commodity automatically be included under the provisions of the Commodity Exchange Act. We believe that this would avoid undue delay and lessen the legislative and administrative work entailed in acting on each individual commodity after it has already started operations on the Exchange.

We respectfully recommend that this letter be made a part of the hearing record in connection with this legislation.

Sincerely yours,

JOHN C. LYNN, *Legislative Director.*

Mr. CALDWELL. Mr. Chairman, we would be pleased to answer any questions that the committee may have.

The CHAIRMAN. Thank you, Mr. Caldwell.

I wonder if you would give us a further explanation of the necessity of this bill. It is my understanding—and I probably do not understand these futures markets—anybody sells futures who wants to, on anything he wants to, is that right?

Mr. CALDWELL. That is true, Mr. Chairman.

The CHAIRMAN. You have no control over those operations unless there is specific law granting authority as to a specific commodity?

Mr. CALDWELL. That is true.

The CHAIRMAN. You heard in general terms when I mentioned Mr. Lynn's letter suggesting that we should amend the law so that any time there are commodities placed on the futures market you would have authority over them. What do you think of that suggestion?

Mr. CALDWELL. That has been considered several times, Mr. Chairman, and it is my personal feeling that the placing of commodities under the Commodity Exchange Act should remain in the hands of the Congress.

The CHAIRMAN. Why?

Mr. CALDWELL. I feel that there may be times when certain markets would appear to the Secretary of Agriculture as needing regulation but there may be other factors which the Congress may be aware of that perhaps would not require regulation.

The CHAIRMAN. What commodities do you think are exchanged on the future exchanges that should not be supervised by the Department?

Mr. CALDWELL. I mentioned the difference of opinion on whether certain commodities might be brought under. For example, when Congress was considering Public Law 90-258, the Secretary proposed that coffee and sugar be placed under the act. It was the decision of Congress that these were commodities that need not be regulated under the act.

The CHAIRMAN. Those are commodities that come from abroad in large part.

Mr. CALDWELL. To a large extent.

The CHAIRMAN. I remember that discussion.

Is there any reason why you should not have control over domestically produced commodities?

Mr. CALDWELL. There is no reason why the Secretary should not have control over domestic agriculture and forestry commodities. I would not like to see this extended to metals or things outside the agricultural area.

The CHAIRMAN. Does the Commodity Exchange Act apply to metals? I thought it applied only to agricultural commodities?

Mr. CALDWELL. It does at the present time; yes, sir.

The CHAIRMAN. I do understand the objection to sugar and coffee, or any other commodity, where possibly a substantial part, even as much as 15 or 20 percent of the commodity is imported; but if 95 percent of the commodity is produced at home, do you see any reason why we should not have control over the futures exchange?

Mr. CALDWELL. No; I don't.

The CHAIRMAN. Why wouldn't Mr. Lynn's suggestion be a rather sound one?

Mr. CALDWELL. It would be acceptable to us. Speaking for myself, I have not checked this with the others in the Department. However, as I said earlier, I am satisfied with the arrangement now under which Congress specifies the commodities to be brought under the act.

The CHAIRMAN. You do not foresee any other commodity that probably will come forth in the next few months or a year?

Mr. CALDWELL. I rather doubt it. As you know, Public Law 90-258 will bring livestock and livestock products under the act effective on June 18. These are big markets and the orange juice market is a big

market. I don't foresee any other markets of the size that would have any real impact on the agricultural economy that should be brought under the act in the next few months.

The CHAIRMAN. I wanted to ask you about another phase of this. You pointed out that since there has been trading in orange juice there have been some rather substantial fluctuations in the price. Isn't the major alleged benefit of futures markets to cut off the hills and fill up the valleys and more or less level out the price structure; isn't that the major benefit that is held out by the futures market?

Mr. CALDWELL. The futures market reflects supply and demand. In a commodity such as orange juice where you have a wide variation between supply and demand over a period of months and years, you are apt to have wide fluctuations regardless of whether there is a futures market or whether that futures market is regulated.

The regulation of the market would hopefully prevent price manipulation, corners and squeezers, and things of that type, that would disrupt prices, but it would not affect general price changes due to changes in supply and demand.

The CHAIRMAN. Are you saying that the fluctuations in price to which you made reference were natural and normal fluctuations and not a result of manipulation?

Mr. CALDWELL. We do not have any way of knowing. We do not have authority to investigate this market. I have no knowledge of any manipulation going on at this point.

The CHAIRMAN. That leads to this question: Why do we need to bring orange juice under control if everything is all right and moving along naturally? Why do we need regulation on that orange juice?

Mr. CALDWELL. We don't know that everything is all right. I said that we have no authority to gain information on the market. I do know—

The CHAIRMAN. You mean there is a prohibition against your knowing things that are available to everybody else?

Mr. CALDWELL. We know that. However, we cannot go into the brokerage houses and get information about the individual traders in the market, and so forth. We would need to have this type of information to make a determination as to whether there was any manipulation, or cornerers, or squeezers in the market.

The CHAIRMAN. You must have some opinion or you couldn't have an opinion as to the need for this authority. Why do you think that you need this authority?

Mr. CALDWELL. Generally, Mr. Chairman, it has been my experience over the years when new commodities are brought under the act, we ordinarily find that there are situations which are in violation of the act and which should be corrected. I have no reason to believe that the situation would be different here. However, as I say, I cannot point to any violations of the act now because we just don't have the information.

The CHAIRMAN. I do not have any information either, but from what I understood you thought there was no need of having any general authority to bring commodities under control automatically as they are placed on the board. Then you tell us that just as a general rule the only reason you think a commodity ought to be brought under control is just the general philosophy as a new commodity is placed

on the board there is a likelihood to be manipulation and therefore as a general proposition there is likely to be manipulation, you think we ought to take up orange juice. But you do not think we ought to extend the law to anything but orange juice. Yet you have not any special reason for suspecting anything wrong in the case of orange juice, have you?

Mr. CALDWELL. No, sir. I think the criteria on bringing commodities under the act is whether the futures market has become an important market or not. There are a number of futures markets now where the trading is so small that it does not have any real impact upon the producers of the particular commodities. This is not the case with orange juice. It has become a major market and it is being used by the producers and processors of orange juice. It, therefore, in my opinion, should be given the protection that the Commodity Exchange Act affords other commodities such as the—

The CHAIRMAN. The basis for bringing the new commodity under control would be, if I understand it, the volume of business that is done in that commodity; is that right?

Mr. CALDWELL. The volume of business that is done and the effect that this has on producers and merchandisers of the product.

The CHAIRMAN. What effect has this had upon the producers merchandising the product?

Mr. CALDWELL. Here again I have to draw on someone else's material since we have not made any study of the market ourselves. The Florida Citrus Commission has found that producers and processors of orange juice are making extensive use of the market for hedging purposes. If this is true, then I think those producers should be protected from the standpoint of their trades in the market, and the funds that they put up with brokerage firms. I also think the Florida citrus industry itself should be protected from price manipulation.

The CHAIRMAN. Is there anything wrong with the producers and marketers using the market to hedge?

Mr. CALDWELL. No, sir; I am all in favor of that. I think the hedgers should be protected as well as speculators. Let us not rule out the speculators. They ought to be protected, too. The primary purpose of the market is to provide hedging facilities. This one is providing hedging facilities and it is my feeling that the hedgers should have the protection of the Commodity Exchange Act.

Mr. JONES of Missouri. Mr. Chairman?

The CHAIRMAN. Yes.

Mr. JONES of Missouri. When I hear about orange concentrate I get a little suspicious. My memory goes back a few years ago to a Commodity Credit operation. I always resented the fact that it seems like the people in the citrus industry don't want to have any controls, but when they get in trouble they always want to get some money.

As I recall, Commodity Credit bought up all the surplus frozen orange juice, and then we had a freeze down in Florida. The Department instead of taking advantage of getting the profit that the Government was entitled to, sold this stuff back to the people for what they had put into it and let a bunch of speculators down there get the advantage when the prices tripled.

Do you have any comment to make on what happened at this time? Would this bill have any effect on that in any way whatsoever?

Mr. CALDWELL. That would be the figure for the 5 months of this year.

Mr. Dow. Five months?

Mr. CALDWELL. Yes, sir.

Mr. Dow. So in any year you would have about a billion dollars of trading.

Mr. CALDWELL. Close to it.

Mr. Dow. How would that compare with the volume of trading in some other commodities that are now regulated under this act; for example, onions? What is the volume of trading in onions?

Mr. CALDWELL. There is no trading in onions. Several years ago Congress prohibited all futures trading in onions. The total volume of trading in all regulated commodities runs about \$75 billion a year.

Mr. Dow. Would this frozen orange juice be the smallest one of the commodities that are subject to the control or subject to the Commodity Exchange Act, or would this be larger than the smallest?

Mr. CALDWELL. It would by no means be the smallest. It would be somewhere in the middle range.

Mr. Dow. Somewhere in the middle?

Mr. CALDWELL. Yes.

Mr. Dow. So you have some commodities with less volume that are under the umbrella of this Commodity Exchange Act?

Mr. CALDWELL. Yes.

Mr. Dow. Thank you, Mr. Caldwell.

The CHAIRMAN. Mr. Miller?

Mr. MILLER. I understand from Mr. Dow's questioning that you have some volume. Are we speaking of volumes of contracts or are we speaking of volumes of dollars?

You have \$140 million as the volume of dollars and you have something over 23,000 as the volume of contracts.

Mr. CALDWELL. The volume of contracts would be the actual number of contracts traded. To get the value of the contracts you would merely have to multiply that by the contract unit of 15,000 pounds and then by the average price.

Mr. MILLER. The volume then is on the volume of contracts. You are more interested in the volume of contracts than you are in the volume of concentrated juice sold; is that correct?

Mr. CALDWELL. We are speaking here of the volume of contracts traded on the futures market. This does not relate to the number of contracts equivalent sold in the cash market.

Mr. MILLER. Thank you.

The CHAIRMAN. Are there any further questions? If there are no further questions, Mr. Caldwell, we are glad to have had you with us. Thank you.

Mr. CALDWELL. Thank you, Mr. Chairman.

The CHAIRMAN. Is there anyone else who wants to be heard on this bill, either for or against it? Apparently there is none. If not, the committee will take the bill under advisement.

I believe that completes consideration of our public calendar and the committee will go into executive session.

(Whereupon, at 11:10 a.m., the committee proceeded to executive session.)

Mr. CALDWELL. The Commodities Exchange Act is supposed to regulate futures trading in various commodities.

Mr. GATHINGS. That is because there is no futures trading in others?

Mr. CALDWELL. That is right.

Mr. GATHINGS. You referred to 1966 and 1967, and there was not any trading whatever before 1966 apparently, from your testimony; is that right?

Mr. CALDWELL. That is right.

Mr. GATHINGS. It has doubled in 1968 over what transpired in 1967. Only a very few months in 1968 have gone by, yet it is double what it was in 1967?

Mr. CALDWELL. That is right.

Mr. GATHINGS. In volume?

Mr. CALDWELL. It could be that a futures market might develop in certain of these other juices. If that were to happen, and if the volume developed to an extent where this has a real impact upon the producers and merchandisers of this product, then I would favor bringing it under the Commodity Exchange Act just as I now favor bringing orange juice under it.

The CHAIRMAN. That is the very crux of the question raised by Mr. Lynn's suggestion. He recognizes they may go to trading in some of these other commodities. Maybe they will trade in juices not frozen; for instance, cranberry juice.

I have never seen it frozen, but I buy it too, simply in the bottles, not frozen. Suppose they go to trading in these commodities that are not frozen. They would not be covered by this act?

Mr. CALDWELL. That is right.

The CHAIRMAN. Why, as Mr. Lynn suggests—and I do not want to keep quoting him but he seemed to raise a very logical question in my mind when he suggested, why do you not make it applicable to these other commodities if and when they too come on the board? Maybe you would want to put some limitation on the amount, maybe you would not want to bother with an infinitesimal amount. Maybe you would want to say when they reached a certain level of trading, you would have the right to deal with them. But it seems to me to make good sense what he suggests, and I have not heard anybody suggest any reason why we should not.

Mr. TEAGUE. I have one, Mr. Chairman. I have not seen Mr. Lynn's letter, but we are from time to time complaining about turning things over to the Executive and want to keep our fingers on legislation and policies ourselves. That is the answer that occurs to me.

The CHAIRMAN. It may be.

Mr. CALDWELL. I am certainly not opposed to Mr. Lynn's suggestion. Please understand that, Mr. Chairman, but it was my feeling that Congress should handle the designation of commodities. If Congress wants to turn over to the Secretary of Agriculture this authority, I certainly would not be opposed to it.

The CHAIRMAN. Are there other questions? Does anyone else want to ask Mr. Caldwell any questions?

Mr. Dow. Mr. Caldwell, you mentioned here the volume of trading of \$400 million in frozen orange juice. I suppose that this is an annual figure; is that right?

Mr. CALDWELL. So long as the trading is in concentrated frozen juice.

Mr. TEAGUE. Thank you.

The CHAIRMAN. Mr. Kleppe.

Mr. KLEPPE. Mr. Chairman, I think that speculators—I don't call them gamblers—I think they are investors of a sort. This plays a real part in our system of doing business in this country. I think they have a great deal of merit in stabilizing and establishing prices for commodities and that the effected producers get protection from these markets is worthy.

I wanted to comment specifically on your line of questioning. It seems to me that this is necessary. This bill is necessary from the mere standpoint of the fact that never in my knowledge has any market exchange been established originally but that there were some manipulators, some bucket shop operators.

It seems to me that is the protection that this bill would provide in this particular commodity because it is not already covered. This is no problem for anybody that I can see, but rather would effectuate an opportunity to bring about some controls for the speculator, for the investor, but most of all for the producer.

I think this is something that fits in our system of business. To me it makes a great deal of sense. This is the only thing that I could say along the lines of your questioning that I believe were covered along the lines of manipulators.

The CHAIRMAN. If the gentleman will yield.

Mr. KLEPPE. Glad to.

The CHAIRMAN. I just have not yet understood up to right now the reason of the representatives of the Department in opposing the idea of bringing other commodities under their control automatically when it is placed on the board. I get the feeling, without any knowledge at all of the matter, it is a new commodity and therefore the thing you foresee is likely to happen. I agree it is likely to happen.

They say we must bring frozen orange juice under control, but we should not bring other commodities under control as they are put on the board. I have not been able to reconcile the two viewpoints.

Mr. KLEPPE. I think, Mr. Chairman, you rather hit it when you talked about volume and activity.

The CHAIRMAN. It may be that it should be dependent upon volume.

Mr. KLEPPE. I am not sure the Department recognizes this, but it seems to me this makes a great deal of difference in making a decision as to whether a commodity should be under the Commodity Exchange Act or not.

The CHAIRMAN. Are there other questions?

Mr. GATHINGS. I would like to ask Mr. Caldwell whether or not there has been a great volume of trading in other types of frozen juice. What about grapefruit? You mentioned citrus juices but you specified here frozen orange juice. What about apricot, some other types, cranberry frozen juice? Do you have any information on that?

Mr. CALDWELL. Thus far, the only futures market that has been established in frozen juice is this market in concentrated orange juice.

Mr. GATHINGS. I happen to go to the grocery store every Saturday and I buy frozen concentrated juice of all kinds. Orange juice is one of them I buy. What about some of these other juices—pineapple?

Mr. CALDWELL. I am not familiar with that situation since it is handled by another agency of the Department. This particular bill would not have an effect on the situation that you have outlined there. This bill would cover regulation of the futures market.

Mr. JONES of Missouri. You mentioned particularly, you said you wanted speculators to be protected along with the producers. I am very sympathetic to the producer being protected on our markets and I am getting a little tired of the people who are speculating, making more money out of the agricultural commodities than the farmer who takes all the risks and puts all the money into it and then the speculator gets the advantage of it.

If there is any way that I can be helpful in trying to help the producer and to exclude this speculator—I don't have any sympathy for him at all since he is a gambler, and if he wants to go out and shoot crap that is all right. But I don't want him to take advantage of the producer there. That is the thing that any bill like this that comes up, I want to see if there is anything under the chips that I can't see.

Mr. CALDWELL. When I made reference to protection of speculators as well as hedgers, I had reference to such things as protecting them from cheating and defrauding in connection with the execution of their orders, protecting the funds that they may deposit with brokerage firms, and so forth.

Speculators are necessary in any futures market because hedgers do not offset each other. Hedgers are basically short. You need speculators to take the opposite sides of these transactions. As far as speculation is concerned, the bill would give the Commodity Exchange Commission the authority to set speculative limits on the amount of trading that can be done or the amount of positions that can be held by an individual speculator. This would have the effect of curbing the big speculators in the market.

Mr. JONES of Missouri. The thing about it, you said you are in a different department. Back in those days when we had this problem, what happened when the Government permitted these people to take their orange juice out that they had put in there to get protected, then the price immediately went up three times, as I recall it, what the price had been. The producer did not get any benefit from that at all. The speculators were the ones who got the advantage of that. I think that the Secretary of Agriculture put himself in a questionable position. I think he was naive. I do not think he was dishonest. He let them put it over on him. The Government should have made the money because they were the ones protecting the producer at that time.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Jones.

Mr. TEAGUE. Thank you, Mr. Chairman.

All of your testimony referred to Florida concentrates. As you know, there are a few oranges grown in California, Arizona, and Texas. I know there is a future there but is there a futures market for California oranges?

Mr. CALDWELL. There is no futures market for California orange juice at the present time.

Mr. TEAGUE. Should one be developed in the future, this legislation would cover it?

LEGISLATIVE HISTORY
Public Law 90-418
S. 3143

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INDEX AND SUMMARY OF S. 3143

Mar. 12, 1968 Senator Holland introduced S. 3143 which was referred to Senate Agriculture and Forestry Committee. Print of bill as introduced.

May 15, 1968 Senate committee voted to report. S. 3143.

May 16, 1968 Senate committee reported S. 3143 without amendment. Senate Report 1128. Print of bill and report.

May 17, 1968 Senate passed S. 3143 without amendment.

July 2, 1968 House Agriculture Committee reported S. 3143 without amendment. House Report 1621. Print of bill and report.

July 15, 1968 House passed S. 3143 under suspension of rules.

July 22, 1968 Approved: Public Law 90-418.

Hearings: House Agriculture Miscellaneous
Serial WW.

DIGEST OF PUBLIC LAW 90-418

AMENDMENT TO COMMODITY EXCHANGE ACT. Extends Commodity Exchange Act to frozen concentrated orange juice.

IN THE SENATE OF THE UNITED STATES

MARCH 12, 1968

Mr. HOLLAND introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the third sentence of section 2 (a) of the Commodity
4 Exchange Act, as amended (7 U.S.C. 2) is amended by
5 striking out “and livestock products” and inserting in lieu
6 thereof “, livestock products, and frozen concentrated orange
7 juice”.

30TH CONGRESS
2D SESSION

S. 3143

A BILL

To amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such Act.

By Mr. HOLLAND

MARCH 12, 1968

Read twice and referred to the Committee on Agriculture and Forestry

May 15, 1968

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11. HEW. Both Houses received the annual report of HEW for fiscal 1967. pp. H3867, S5619

12. PERSONNEL. Both Houses received from Transportation a proposed bill to authorize the payment of expenses of preparing and transporting to his home or place of interment the remains of a Federal employee who dies while performing official duties in Alaska or Hawaii; to Government Operations Committees. pp. S5619, H3867

13. COUNTY COMMITTEES. The committee report on S. 1028, to extend certain benefits to former employees of county committees, contains the following:
"The purpose of this legislation is to facilitate the hiring of qualified personnel in positions in the Department of Agriculture by removing certain impediments to the recruitment of experienced county committee employees of the Agricultural Stabilization and Conservation Service (ASCS)."
"Enactment of S. 1028 will provide for desirable changes in the conditions under which ASCS personnel may enter into Federal employment with the Department of Agriculture, as follows:
"(1) The Department of Agriculture will be enabled to place the employee in a civil service position at a salary step which is comparable to, but does not exceed, his prior county salary rate.
"(2) The employee's annual and sick leave will be transferred to the new position in the Department of Agriculture.
"(3) The employee's former county committee employment service will be creditable for leave earning purposes and reduction-in-force purposes in the new position in the Department of Agriculture."

14. CREDIT UNIONS. The committee report on H. R. 14907, to amend the Federal Credit Union Act, states that the amended version of the bill would: (1) extend the maturity of loans made on a secured basis from 5 to 10 years, (2) permit credit unions to make investments into State-chartered central credit unions, (3) enable Federal credit unions to purchase from any liquidating credit union notes of that credit union even though the member whose note was being sold would not become a member of the purchasing credit union, (4) provide that credit unions may facilitate members' purchases of health and accident insurance on credit union loans and include the cost of this insurance in the loan repayment schedule with no fee charged for this activity, (5) allow the board to delegate the borrowing authority to the executive committee, (6) increase the unsecured loan limit to $2\frac{1}{2}\%$ of unimpaired capital and surplus, (7) provide for two additional audits plus the annual examination, and (8) make it clear that only a majority vote of the board is necessary for removal of a member of the supervisory committee.

SENATE

15. HOUSING. The Banking and Currency Committee reported an original bill S. 3497, to assist in the provision of housing for low- and moderate-income families and to extend and amend laws relating to housing and urban development (S. Rept. 1123). p. S5619

Senate

May 15, 1968

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16. SUPPLEMENTAL APPROPRIATIONS. H. J. Res. 1268, making supplemental appropriations for fiscal year 1968 for highways and certain claims, was ordered to lie on the table. p. S5570

17. FOOD STAMPS; FORESTRY; COMMODITY EXCHANGES; LOANS; WATERSHEDS. The Agriculture and Forestry Committee voted to report (but did not actually report) without amendment S. 2068, authorizing \$245 million for the Food Stamp Act for fiscal year 1969; S. 2837, authorizing establishment of the Cradle of Forestry in America in the Pisgah National Forest, N.C.; S. 3143, making frozen concentrated orange juice subject to the provisions of the Commodity Exchange Act; S. J. Res. 168, authorizing temporary emergency funds for the Farmers Home Administration; and H. R. 15822, authorizing establishment of the Robert S. Kerr Memorial Arboretum and Nature Center in the Ouachita National Forest, Okla.; and with amendment S. 2276, permitting Secretary of Agriculture to contract for works of improvement under the Watershed Protection and Flood Prevention Act upon request of local organizations. pp. D435-6

18. FARM PROGRAM. The "Daily Digest" states the Agriculture and Forestry Committee "announced that it had agreed to act this year on the extension of the Food and Agriculture Act of 1965 (P.L. 89-321), and that it plans to hold hearings on a bill, to be introduced by Senator Ellender, embodying amendments to this act proposed during recent hearings." p. D436

19. POVERTY; BUILDINGS. Sen. Byrd, W. Va., inserted an SCLC statement that participants in the Poor People's Campaign might "hang around" this Department. p. S5498 (May 14)

20. FARMERS HOME ADMINISTRATION. Sen. Scott was added as a cosponsor of S. 3165, to amend the Consolidated Farmers Home Administration Act to provide for loans to public bodies which, upon sale by the Farmers Home Administration, shall bear taxable interest. p. S5621

21. ARTS AND HUMANITIES. Sen. Pell commended President Johnson's interest in arts and humanities and inserted the President's remarks at the dedication of the Smithsonian Institution's National Collection of Fine Arts. pp. S5629-30

22. AWARDS; FARM PROGRAM. Sen. Ellender commended the "Department's growth and increased responsibility" and inserted his speech made at the USDA Honor Awards Ceremony May 14. pp. S5636-7

23. ELECTRIFICATION. Sen. Metcalf quoted a welfare administrator who wrote, "Utility charges...is an area where poor people suffer the most," and inserted an article from Electrical World. pp. S5649-51

24. HORSES. Sen. Hansen inserted material regarding the problems arising over the fate of the wild horse herd in the Pryor Mountain area of Wyo. and Mont. pp. S5652-3

Senate

May 16, 1968

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10. REDWOOD PARK. Rep. Don H. Clausen criticized proposals in the Redwood Park proposed legislation "which would take tens of thousands of acres of private timber-growing lands" and spoke in support of his bill which would create a Redwood National Park and Seashore and would not "create economic devastation." pp. H3896-7
11. ELECTRIFICATION. Rep. Natcher congratulated the REA on its 33rd anniversary for "bringing to light the vital importance of farm efficiency and rural development." p. H3899
12. HOUSING. Rep. Patman inserted a Washington Post article in recognition of Rep. Sullivan's sponsorship of the rehabilitation housing program. pp. H3920-1
13. FOREIGN TRADE. Rep. Rees inserted Rep. Ashley's testimony in which he discussed the "problems arising from our international trade agreements and how these problems relate to the current imbalance of payments." pp. H3918-19
14. LEGISLATIVE RECORD. Rep. Stratton inserted a summary of the "accomplishments of the first session of this 90th Congress." pp. H3922-3
15. FOREIGN SERVICE. Received from State a proposed bill "to amend the Foreign Service Act of 1946; to Foreign Affairs Committee. p. H3924
16. LEGISLATIVE PROGRAM. Rep. Albert announced the following program for next week: Mon., Consent Calendar and under suspension Farm Credit Adm. amendments, and assaults on postal employees. Tues., Interior appropriations. Wed. and the balance of the week, grain standards; emergency credit revolving fund; and Land and Water Conservation Fund Act amendment. pp. H3892-3
17. ADJOURNED until Mon., May 20. p. H3924

SENATE

18. ~~WATERSHEDS; FORESTRY; LOANS; COMMODITY EXCHANGES; FOOD STAMPS.~~ The Agriculture and Forestry Committee reported without amendment S. 2837, to ~~authorize this Department to establish the Cradle of Forestry in America in the Pisgah National Forest, N. C. (S. Rept. 1129);~~ S. 3068, to authorize appropriation of \$245 million under the Food Stamp Act for the fiscal year 1969 (S. Rept. 1130); S. 3143, to make frozen concentrated orange juice subject to the provisions of the Commodity Exchange Act (S. Rept. 1128); S. J. Res. 168, to authorize the temporary funding of the emergency credit revolving fund (S. Rept. 1127); H. R. 15822, to authorize this Department to establish the Robert S. Kerr Memorial Arboretum and Nature Center in the Ouachita National Forest, Okla. (S. Rept. 1126); H. R. 15364, to provide for increased U. S. participation in the Inter-American Development Bank (S. Rept. 1131); and with amendment S. 2276, to amend the Watershed Protection and Flood Prevention Act to permit this Department to contract for

the construction of works of improvement upon request of local organizations (S. Rept. 1125). p. S5712

in both Houses

19. ARTS AND HUMANITIES. Conferees were appointed on H. R. 11308, to amend the National Foundation on the Arts and Humanities Act of 1965. pp. S5771, H3892

20. MINK IMPORTS. Sen. Javits urged review of the Tariff Commission's report on mink fur skins in view of conflicting points of view with respect to the state of economic health of the domestic mink producers. pp. S5705-6

21. COMMUNICATION. Sen. Allot expressed concern with the planning and coordination of communications equipment capabilities in the event of civil disorders during the march on Washington. pp. S5710-12

22. HEALTH; SAFETY. Sen. Javits inserted his amendment to S. 2864, the occupational health and safety bill, to provide for establishment of a broadly based Commission to make a comprehensive study and evaluation of our workmen's compensation laws. pp. S5722-28

23. AGING. Sen. Williams, N.J., inserted an article describing "the increasing difficulties faced by Americans who are trying to provide adequately for retirement." pp. S5729-30

24. AWARD. Sen. Byrd, Va., recognized Tom E. McGourin, Va. soil conservationist who received a Superior Service Award from the Department. p. S5731

25. CROP INSURANCE. Sen. Burdick commended the "importance to the rural economy of the Federal Crop Insurance Corporation" which is illustrated in N. Dak. pp. S5731-2

26. COOPERATIVES. Sen. Hart commended the recognition received by forestry cooperatives from FS and FCS administrators. p. S5733

27. EXPORTS. Sen. Smathers inserted articles reporting the highlights of the New Jersey-New York testimony before the Select Committee on Small Business on export expansion for regional industries, small business, and the balance of payments. pp. S5759-61
Sen. Williams, N.J., inserted Sen. Morse's statement on the export trade expansion hearings. p. S5761

28. CREDIT UNIONS. Sen. Percy inserted a speech before CUNA International, Inc. challenging the members to make credit available to the poor. pp. S5762-4

EXTENSION OF REMARKS

29. RESEARCH. Rep. Karth inserted Rep. Miller's speech to the Consultative Assembly of the Council of Europe, "A Parliamentarian's View of Science and Technology." pp. E4303-6

Calendar No. 1111

90TH CONGRESS }
2d Session }

SENATE }
 }

REPORT
No. 1128

REGULATION OF TRADING IN FROZEN CONCENTRATED ORANGE JUICE FUTURES

MAY 16 (legislation day, MAY 14), 1968.—Ordered to be printed

Mr. HOLLAND, from the Committee on Agriculture and Forestry,
submitted the following

R E P O R T

[To accompany S. 3143]

The Committee on Agriculture and Forestry, to which was referred the bill (S. 3143) to amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such act, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

This bill would amend the Commodity Exchange Act to add frozen concentrated orange juice to the list of commodities subject to regulation under that act. The effect of the bill is further explained in the attached report from the Department of Agriculture recommending enactment of the bill.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 6, 1968.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 3143, which would amend the Commodity Exchange Act to include frozen concentrated orange juice as a regulated commodity under the provisions of the act.

We recommend the enactment of S. 3143.

Futures trading in frozen orange concentrate on the Citrus Associates of the New York Cotton Exchange, Inc., began in October 1966. Since its inauguration, futures trading in this commodity has risen steadily and has increased sharply in the first 2 months of 1968. In the calendar year of 1967, the volume of futures trading in frozen orange concentrate totaled 23,338 contracts, with a value of \$140 million. So far in 1968, trading volume has been almost four times

the monthly average level in 1967. Trading is in contract units of 15,000 pounds of frozen orange concentrate.

Futures prices of frozen orange concentrate have also shown substantial changes since the beginning of trading. Prices declined from 34 cents a pound on January 2, 1967, to 30 cents at the end of March 1967. From then to December 31, 1967, prices rose almost continuously to 57 cents, an advance of 27 cents per pound. Since January 1, 1968, however, prices have declined and, on March 15, the May futures closed at 54½ cents a pound.

The level of activity and the price fluctuations in frozen orange concentrate indicate wide participation in the futures market for this commodity. The market is now substantial and is a definite force in the marketing of citrus.

Enactment of the bill would enable the Department to follow closely the day-to-day operations of this futures market. We would be able to obtain facts as to what takes place in the market and to prosecute persons who engage in price manipulation and other unlawful trading practices. In short, the enactment of the bill would give market users and producers and consumers of the frozen orange concentrate the same type of protection that is now given to such persons by the regulation of the trading in the commodities currently included in the Commodity Exchange Act.

The Department estimates that the enactment of the proposed bill would necessitate an additional appropriation of as much as \$100,000 each year.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's programs.

Sincerely yours,

JOHN A. SCHNITTNER.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

COMMODITY EXCHANGE ACT

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Commodity Exchange Act."

SEC. 2. (a) For the purposes of this Act, "contract of sale" shall be held to include sales, agreements of sale, and agreements to sell. The word "person" shall be construed to import the plural or singular, and shall include individuals, associations, partnerships, corporations, and trusts. The word "commodity" shall mean wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, onions, Solanum tuberosum (Irish potatoes), wool, wool tops, fats and oils (including lard, tallow, cottonseed oil, peanut oil, soybean oil and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans, soybean meal, livestock, [and] livestock products, and

frozen concentrated orange juice. The term "future delivery" as used herein, shall not include any sale of any cash commodity for deferred shipment or delivery. The words "board of trade" shall be held to include and mean any exchange or association, whether incorporated or unincorporated of persons who shall be engaged in the business of buying or selling any commodity or receiving the same for sale on consignment. The act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust, as well as of such official, agent, or other person. The words "interstate commerce" shall be construed to mean commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof; or between points within the same State, Territory, or possession, or the District of Columbia, but through any place outside thereof, or within any Territory or possession, or the District of Columbia. The words "cooperative association of producers" shall mean any cooperative association, corporate or otherwise, not less than 75 per centum in good faith owned or controlled, directly or indirectly, by producers of agricultural products and otherwise complying with an Act of Congress of February 18, 1922 (U.S.C., 1934 ed., title 7, secs. 291 and 292), as now or hereafter amended, including any organization acting for a group of such associations and owned or controlled by such associations, provided that business done for or with the United States of America, or any agency thereof, shall not be considered either member or nonmember business in determining the compliance of any such association with said Act of Congress of February 18, 1922. The words "member of a contract market" shall mean and include individuals, associations, partnerships, corporations, and trusts owning or holding membership in, or admitted to membership representation on, a contract market or given members' trading privileges thereon. The words "futures commission merchant" shall mean and include individuals, associations, partnerships, corporations, and trusts engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and that, in or in connection with such solicitation or acceptance of orders, accepts any money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom. The words "floor broker" shall mean any person who, in or surrounding any "pit", "ring", "post", or other place provided by a contract market for the meeting of persons similarly engaged, shall purchase or sell for any other person any commodity for future delivery on or subject to the rules of any contract market. The words "the commission" shall mean the Commodity Exchange Commission, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General, or an official or employee of each of the executive departments concerned, designated by the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General, respectively; and the Secretary of Agriculture or his designee shall serve as Chairman.



Calendar No. 1111

90TH CONGRESS
2^D SESSION

S. 3143

[Report No. 1128]

IN THE SENATE OF THE UNITED STATES

MARCH 12, 1968

Mr. HOLLAND introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

MAY 16 (legislative day, MAY 14), 1968

Reported by Mr. HOLLAND, without amendment

A BILL

To amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the third sentence of section 2 (a) of the Commodity
4 Exchange Act, as amended (7 U.S.C. 2), is amended by
5 striking out “and livestock products” and inserting in lieu
6 thereof “, livestock products, and frozen concentrated orange
7 juice”.

90TH CONGRESS
2^D SESSION

S. 3143

[Report No. 1128]

A BILL

To amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such Act.

By Mr. HOLLAND

MARCH 12, 1968

Read twice and referred to the Committee on

Agriculture and Forestry

MAY 16 (legislative day, May 14), 1968

Reported without amendment

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued May 20, 1968
For actions of May 17, 1968

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HIGHLIGHTS: Senate passed food stamp bill. Senate passed bill to establish Cradle of Forestry. Senate passed bill to establish Kerr Memorial Arboretum.

SENATE

1. FOOD STAMPS. Passed without amendment S. 3068, to amend the Food Stamp Act of 1964 so as to increase the authorization for fiscal year 1969 from \$225,000,000 to \$245,000,000. At the request of Sen. Mansfield the following excerpt from the committee report was inserted:

"This bill is needed to permit orderly growth of the program. In December 1967 the number of areas designated under the program totaled 1,239. By June 30, 1968, total participation in these areas is expected to be about 2,750,000 persons, which will take the full \$225 million authorized for fiscal 1969, leaving no room for expansion.

"In order to assure proper administration of the food stamp program the committee recommends that the Department make clear to dealers and food stamp recipients, through written statements furnished to them, store display signs, and otherwise, the purposes for which food stamps may be used and the penalties for misuse of stamps, or other violations of the act." p. S5776

2. KERR MEMORIAL. Passed without amendment H. R. 15822, to authorize this Department to establish the Robert S. Kerr Memorial Arboretum and Nature Center in the Ouachita National Forest, Okla. This bill will now be sent to the President. At the request of Sen. Mansfield the following excerpt from the committee report was inserted:

"This bill provides for establishment of the Robert S. Kerr Memorial Arboretum and Nature Center in the Ouachita National Forest in Oklahoma, to be administered under national forest laws and regulations so as to promote learning about nature and forest land management. Cooperation with, and receipt of contributions from, public and private sources is authorized. The boundaries would be determined by the Secretary of Agriculture, published in the Federal Register, and shown on a map in the office of the Chief of the Forest Service." p. S5775

3. FORESTRY. Passed without amendment S. 2837, to authorize this Department to establish the Cradle of Forestry in America in the Pisgah National Forest, N. C. At the request of Sen. Mansfield the following excerpt from the committee report was inserted:

"This bill provides for establishment of the Cradle of Forestry in America in the Pisgah National Forest in North Carolina, to be administered under national forest laws and regulations so as to promote knowledge about forestry education and forest land management. Cooperation with, and receipt of contributions from, public and private sources is authorized...The area consists of about 6,800 acres around the site of the Biltmore Forest School, the first technical forestry school in America." pp. S5775-6

4. ORANGE JUICE. Passed without amendment S. 3143, to make frozen concentrated orange juice subject to the Commodity Exchange Act. p. S5775

5. CIVIL DEFENSE. The Armed Services Committee reported without amendment S. 15004, to further amend the Federal Civil Defense Act of 1950, to extend the expiration date of certain authorities thereunder (S. Rept. 1134). p. S5779

6. WATERSHEDS. Passed over S. 2276, to amend the Watershed Protection and Flood Prevention Act to permit the Secretary of Agriculture to contract for the construction of works of improvement upon request of local organizations.
p. S5775

construction of this facility. It, therefore, established the New Jersey Highway Authority, which was authorized to complete the Garden State Parkway by the sale of revenue bonds financed by tolls imposed on the users.

At the present time the toll-free sections of highway which make up the original 20 miles carry heavy traffic composed both of local and through travelers. The current inadequacy of the present stretches has created certain safety and convenience problems which can be solved through the reconstruction of these sections and the imposition of tolls to pay for such improvements, while at the same time constructing parallel toll-free facilities to serve local traffic.

The committee conducted a hearing on S. 1558 at which time the Department of Transportation of the State of New Jersey, the New Jersey Highway Authority, and the S. Department of Transportation testified in favor of the enactment of this legislation. During the course of the hearing, testimony was received from a representative of one of the communities involved regarding the necessity for the provision of alternate toll-free facilities for local service.

ANALYSIS OF THE BILL

The legislation would authorize the State of New Jersey to repay to the Treasurer of the United States for deposit in the highway trust fund, funds equivalent to the amounts received by the State of New Jersey for construction of the enumerated sections of highways as Federal-aid highways. The amount repaid will be credited to the account of the State of New Jersey and will be used in the construction of other Federal-aid highways.

The committee, in reporting S. 1558, recommends the amendment of the bill to require the construction of toll-free highway facilities in the vicinity of the enumerated sections as may be necessary to adequately serve local traffic. Facilities will be constructed pursuant to an agreement between the New Jersey Highway Authority and the state of New Jersey acting through its State House Commission. This commission is a bipartisan group of elected officials headed by the Governor and who will most certainly be in a position to adequately protect the local interests while insuring that the needs of the state are properly met.

Upon construction of the toll-free facilities and repayment of the Federal-aid funds expended in connection with the construction of sections of the Garden State Parkway enumerated in the bill, the New Jersey Highway Authority will be able to impose tolls on the heretofore free sections of highway.

Legislation of this type has been considered and passed by the Congress on other occasions. The most recent two examples were: (1) The authorized repurchase by the State of Connecticut of mileage constructed with Federal aid pursuant to provisions of section 22(a), Public Law 350, 83d Congress and (2) a similar repurchase by the States of Maryland and Delaware pursuant to section 6(a) of Public Law 86-637.

BILL PASSED OVER

The bill (S. 2276) to amend the Watershed Protection and Flood Prevention Act to permit the Secretary of Agriculture to contract for the construction of works of improvement upon request of local organizations was announced as next in order.

Mr. MANSFIELD. Over, Mr. President. The ACTING PRESIDENT pro tempore. The bill will be passed over.

ROBERT S. KERR MEMORIAL ARBORETUM

The bill (H.R. 15822) to authorize the Secretary of Agriculture to establish the Robert S. Kerr Memorial Arboretum and Nature Center in the Ouachita National Forest in Oklahoma, and for other purposes was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1126), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

This bill provides for establishment of the Robert S. Kerr Memorial Arboretum and Nature Center in the Ouachita National Forest in Oklahoma, to be administered under national forest laws and regulations so as to promote learning about nature and forest land management. Cooperation with, and receipt of contributions from, public and private sources is authorized. The boundaries would be determined by the Secretary of Agriculture, published in the Federal Register, and shown on a map in the office of the Chief of the Forest Service. The Department of Agriculture recommends enactment, and advises that the center would consist of about 350 acres on the Talimena Scenic Drive containing numerous game and song birds. Total annual visits to the area are expected to exceed 400,000 by 1976. The Department estimates that the total cost of planning and development over a 3-year period will be about \$1.5 million. Operating costs will probably build up to about \$150,000 per year.

BILL PASSED OVER

The bill (S.J. Res. 168) to authorize the temporary funding of the emergency fund was announced as next in order.

Mr. MANSFIELD. Over, Mr. President. The ACTING PRESIDENT pro tempore. The bill will be passed over.

FROZEN CONCENTRATED ORANGE JUICE

The bill (S. 3143) to amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such act was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third sentence of section 2(a) of the Commodity Exchange Act, as amended (7 U.S.C. 2), is amended by striking out "and livestock products" and inserting in lieu thereof "livestock products, and frozen concentrated orange juice".

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1128), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

This bill would amend the Commodity Exchange Act to add frozen concentrated orange

juice to the list of commodities subject to regulation under that act. The effect of the bill is further explained in the attached report from the Department of Agriculture recommending enactment of the bill.

CRADLE OF FORESTRY

The bill (S. 2837) to authorize the Secretary of Agriculture to establish the Cradle of Forestry in America in the Pisgah National Forest in North Carolina, and for other purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to preserve, develop, and make available to this and future generations the birthplace of forestry and forestry education in America and to promote, demonstrate, and stimulate interest in and knowledge of the management of forest lands under principles of multiple use and sustained yield and the development and progress of management of forest lands in America, the Secretary of Agriculture is hereby authorized to establish the Cradle of Forestry in America in the Pisgah National Forest, North Carolina. As soon as possible after this Act takes effect, the Secretary of Agriculture shall publish notice of the designation thereof in the Federal Register together with a map showing the boundaries which shall be those shown on the map entitled "Cradle of Forestry in America" dated April 12, 1967, which shall be on file and available for public inspection in the office of the Chief, Forest Service, Department of Agriculture.

Sec. 2. The area designated as the Cradle of Forestry in America shall be administered, protected, and developed within and as a part of the Pisgah National Forest by the Secretary of Agriculture in accordance with the laws, rules, and regulations applicable to national forests in such manner as in his judgment will best provide for the purposes of this Act and for such management, utilization, and disposal of the natural resources as in his judgment will promote or is compatible with and does not significantly impair the purposes for which the Cradle of Forestry in America is established.

Sec. 3. The Secretary of Agriculture is hereby authorized to cooperate with and receive the cooperation of public and private agencies and organizations and individuals in the development, administration, and operation of the Cradle of Forestry in America. The Secretary of Agriculture is authorized to accept contributions and gifts to be used to further the purposes of this Act.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1129), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

This bill provides for establishment of the Cradle of Forestry in America in the Pisgah National Forest in North Carolina, to be administered under national forest laws and regulations so as to promote knowledge about forestry education and forest land management. Cooperation with, and receipt of contributions from, public and private sources is authorized. The boundaries would be shown on a map published in the Federal

DIGEST of Congressional Proceedings OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: Both Houses agreed to conference report on second supplemental appropriation bill. House committee reported dairy indemnity, food stamp, and pine-gum price support bills. Conferees agreed to file report on Public Law 480 bill. Senate subcommittee approved grain inspection bill. House debated highway authorization bill. House Rules Committee cleared foreign aid authorization bill.

HOUSE

1. DAIRY; FOOD STAMP; PINE GUM; ORANGE JUICE. The Agriculture Committee reported without amendment H. R. 17752, to provide indemnity payments to dairy farmers (H. Rept. 1614); H. R. 18249, to amend the Food Stamp Act (H. Rept. 1619); S. 2511, to maintain and improve the income of producers of crude pine gum and stabilize production of crude pine gum (H. Rept. 1620); and S. 3143, to make frozen concentrated orange juice subject to the provisions of the Commodity Exchange Act (H. Rept. 1621). p. H5954

2. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 5117, the Palmetto Bend reclamation project (H. Rept. 1610); H. R. 9362, the Mountain Park reclamation project, Okla. (H. Rept. 1611); and S. 6, the first state of the Oahe unit, James division, Missouri River Basin project, S. Dak., (H. Rept. 1612). p. H5954
The Foreign Affairs Committee voted to report (but did not actually report) S. 660, granting the consent of the Congress to a Great Lakes Basin Compact. p. D634

3. FOREIGN AID. The Rules Committee reported a resolution for the consideration of H. R. 15263, the foreign aid authorization bill. p. H5954

4. PERSONNEL. The Rules Committee reported a resolution for the consideration of H. R. 17682, relating to retirement financing. p. H5954

5. MARITIME PROGRAM. The Merchant Marine and Fisheries Committee reported with amendment H. R. 13940, to provide a new maritime program (H. Rept. 1622). p. H5954

6. ANIMAL DRUGS. Concurred in Senate amendments to H. R. 3639, to amend the Federal Food, Drug, and Cosmetic Act, to consolidate into one place in the law all of the principal provisions of the act which relate to premarketing clearance of new drugs for administration to animals, either directly or in their feed and water. This bill will now be sent to the President. pp. H5899-900

7. HIGHWAYS. Continued debate on H. R. 17134, the highway authorization bill. pp. H5933-44, H5948-53

8. PUBLIC LAW 480. The "Daily Digest" states that the conferees agreed to file a report on S. 2986, to extend the Agricultural Trade Development and Assistance Act. p. D635

9. EDUCATION. The Education and Labor Committee voted to report (but did not actually report) H. R. 15067, the higher education amendments. p. D634

10. TRANSPORTATION. The Public Works Committee voted to report (but did not actually report) S. 2658, limitations on truck weights and widths. p. D635

11. FOREIGN TRADE. Rep. Farbstein proposed the ending of the "most-favored-nation privileges which Poland receives in its trade with the United States." p. H5885

12. FOOD STAMPS. Rep. St. Germain commended the food stamp program and stated we should "authorize adequate appropriations for a long enough period so that the States may plan and implement their programs." pp. H5945-6

SENATE

13. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 17734, the

REGULATION OF FUTURES TRADING IN FROZEN CONCENTRATED ORANGE JUICE

JULY 2, 1968.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. POAGE, from the Committee on Agriculture, submitted the
following

R E P O R T

[To accompany S. 3143]

The Committee on Agriculture, to whom was referred the bill (S. 3143) to amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

P U R P O S E

The purpose of this bill is to add frozen concentrated orange juice to the list of agricultural commodities subject to futures regulation under the Commodity Exchange Act, as amended.

N E E D F O R L E G I S L A T I O N

Futures trading in frozen concentrated orange juice is presently not regulated under the Commodity Exchange Act. Futures trading in this commodity began in October 1966 and has increased steadily to a dollar volume value of \$140 million in calendar year 1967, with trading going up sharply this year. The committee feels that commodity trading of this magnitude should be brought within the purview of the Commodity Exchange Act which is designed to assure honesty and fair play for producers, speculators, brokers, and all other persons connected with the commodity exchanges.

H E A R I N G S

Public hearings were held on S. 3143 on June 5, 1968. No opposition to the bill was expressed at the hearings.

ADMINISTRATION POSITION

Witnesses from the U.S. Department of Agriculture testified in support of this bill. There follows the statement by Mr. Alex C. Caldwell, Administrator, Commodity Exchange Authority, together with the departmental report on S. 3143 setting forth the Department's position:

STATEMENT OF ALEX C. CALDWELL

Mr. Chairman and members of the committee, I am pleased to have this opportunity to appear before you today to present the Department's views on S. 3143, a bill to amend the Commodity Exchange Act by adding frozen concentrated orange juice to the commodities covered by the act.

The Department recommends the enactment of the bill.

Frozen orange juice is a new commodity in futures trading. Trading began in October 1966—about 20 months ago—on the Citrus Associates of the New York Cotton Exchange. In other words, the cotton exchange and its members inaugurated trading in this new commodity. I believe the market has taken hold in a manner beyond the highest hopes of its promoters.

The contract unit in which futures trading is conducted is 15,000 pounds of orange solids. Deliveries are made from exchange-licensed warehouses in Florida. The deliverable grade of frozen orange concentrate is U.S. grade A.

Since the beginning of the market, futures trading in orange juice has risen steadily. In the calendar year 1967, the total volume of trading was 23,338 contracts. However, in the first 5 months of 1968, trading has ballooned to 52,246 contracts—more than double the total trading for all of 1967. The estimated value of this trading is \$400 million. Open contracts in frozen orange juice futures at the end of May amounted to 5,411 contracts and were approximately 1½ times the level at the beginning of 1968. Open contracts are the number of contracts outstanding remaining to be settled, and are the best measure of market utilization by the industry and by the speculative public. There is every indication that the orange juice futures market is growing in economic use and is making itself felt as a marketing tool in the distribution of citrus products.

Since the beginning of trading, futures prices of frozen orange juice have been featured by wide fluctuations. The range between the high and low prices of the near futures in the first 6 months of 1967 amounted to 11 cents per pound. The range in the second 6 months amounted to 28 cents per pound. In the first 6 months of 1968, the range has been 11 cents per pound. These wild fluctuations which have occurred have increased participation by the citrus industry and the public as is the case in all futures markets with large fluctuations. The price of the July future on May 29, 1968, closed at 53.60 cents per pound compared to 61.55 cents on December 29, 1967.

Under the Commodity Exchange Act we have no authority to make a direct study of the operations of the futures market in orange juice. However, a study of market utilization has been made by the Florida Citrus Commission. The report of this study entitled "The Futures Market for Frozen Concentrated Orange Juice After One Year," draws the following conclusion:

"It was generally concluded that the futures market has enjoyed a successful first year. After a somewhat slow start, trade interests and trading volume have been highly satisfactory. It is expected that trade interest will continue to increase as hedging opportunities become more apparent to Florida processors and the volume purchases of concentrate outside of Florida. Both hedgers and speculators have been active traders, which is another criterion of success."

The frozen orange juice futures market is one of the more active markets in agricultural commodities. The enactment of the bill would enable the Department to follow the day-to-day operations of traders in this market, and to prosecute persons who may engage in price manipulation and other unlawful trading practices.

In summary, the enactment of this bill would enable the Department to give the same type of protection to citrus producers and the general public as is now given to producers and the public in the grain markets, the cotton market, and the various other markets now covered by the act or to be brought under its provisions on June 18 by Public Law 90-258.

I would like to suggest that if the bill is approved it be made effective 90 days after its enactment rather than upon enactment. This would allow time for necessary changes in regulations and procedures, and a smoother transition from a nonregulated to a regulated market.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 6, 1968.

Hon. ALLEN J. ELLENDER,

Chairman, Committee on Agriculture and Forestry, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 3143, which would amend the Commodity Exchange Act to include frozen concentrated orange juice as a regulated commodity under the provisions of the act.

We recommend the enactment of S. 3143.

Futures trading in frozen orange concentrate on the Citrus Associates of the New York Cotton Exchange, Inc., began in October 1966. Since its inauguration, futures trading in this commodity has risen steadily and has increased sharply in the first 2 months of 1968. In the calendar year of 1967, the volume of futures trading in frozen orange concentrate totaled 23,338 contracts, with a value of \$140 million. So far in 1968, trading volume has been almost four times the monthly average level in 1967. Trading is in contract units of 15,000 pounds of frozen orange concentrate.

Futures prices of frozen orange concentrate have also shown substantial changes since the beginning of trading. Prices declined from 34 cents a pound on January 2, 1967, to 30 cents at the end of March 1967. From then to December 31, 1967, prices rose almost continuously to 57 cents, an advance of 27 cents per pound. Since January 1, 1968, however, prices have declined and, on March 15, the May futures closed at 54½ cents a pound.

The level of activity and the price fluctuations in frozen orange concentrate indicate wide participation in the futures market for this

commodity. The market is now substantial and is a definite force in the marketing of citrus.

Enactment of the bill would enable the Department to follow closely the day-to-day operations of this futures market. We would be able to obtain facts as to what takes place in the market and to prosecute persons who engage in price manipulation and other unlawful trading practices. In short, the enactment of the bill would give market users and producers and consumers of the frozen orange concentrate the same type of protection that is now given to such persons by the regulation of the trading in the commodities currently included in the Commodity Exchange Act.

The Department estimates that the enactment of the proposed bill would necessitate an additional appropriation of as much as \$100,000 each year.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's programs.

Sincerely yours,

JOHN A. SCHNITTNER.

Cost

The Department of Agriculture advised the committee that the enactment of S. 3143 would require an additional appropriation of as much as \$100,000 per year.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman) :

COMMODITY EXCHANGE ACT

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Commodity Exchange Act."

SEC. 2. (a) For the purposes of this Act, "contract of sale" shall be held to include sales, agreements of sale, and agreements to sell. The word "person" shall be construed to import the plural or singular, and shall include individuals, associations, partnerships, corporations, and trusts. The word "commodity" shall mean wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, onions, *Solanum tuberosum* (Irish potatoes), wool, wool tops, fats and oils (including lard, tallow, cottonseed oil, peanut oil, soybean oil and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans, soybean meal, livestock, *[and]* livestock products, *and* frozen concentrated orange juice. The term "future delivery" as used herein, shall not include any sale of any cash commodity for deferred shipment or delivery. The words "board of trade" shall be held to include and mean any exchange or association, whether incorporated or unincorporated of persons who shall be engaged in the business of buy-

ing or selling any commodity or receiving the same for sale on consignment. The act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust, as well as of such official, agent, or other person. The words "interstate commerce" shall be construed to mean commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof; or between points within the same State, Territory, or possession, or the District of Columbia, but through any place outside thereof, or within any Territory or possession, or the District of Columbia. The words "cooperative association of producers" shall mean any cooperative association, corporate or otherwise, not less than 75 per centum in good faith owned or controlled, directly or indirectly, by producers of agricultural products and otherwise complying with an Act of Congress of February 18, 1922 (U.S.C., 1934 ed., title 7, secs. 291 and 292), as now or hereafter amended, including any organization acting for a group of such associations and owned or controlled by such associations, provided that business done for or with the United States of America, or any agency thereof, shall not be considered either member or nonmember business in determining the compliance of any such association with said Act of Congress of February 18, 1922. The words "member of a contract market" shall mean and include individuals, associations, partnerships, corporations, and trusts owning or holding membership in, or admitted to membership representation on, a contract market or given members' trading privileges thereon. The words "futures commission merchant" shall mean and include individuals, associations, partnerships, corporations, and trusts engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and that, in or in connection with such solicitation or acceptance of orders, accepts any money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom. The words "floor broker" shall mean any person who, in or surrounding any "pit", "ring", "post", or other place provided by a contract market for the meeting of persons similarly engaged, shall purchase or sell for any other person any commodity for future delivery on or subject to the rules of any contract market. The words "the commission" shall mean the Commodity Exchange Commission, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General, or an official or employee of each of the executive departments concerned, designated by the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General, respectively; and the Secretary of Agriculture or his designee shall serve as Chairman.

(b) For the purpose of this Act (but not in any wise limiting the foregoing definition of interstate commerce) a transaction in respect to any article shall be considered to be in interstate commerce if such article is part of that current of commerce usual in the commodity trade whereby commodities and commodity products and byproducts thereof are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to

cases within the above general description, all cases where purchase or sale is either for shipment to another State, or for manufacture within the State and the shipment outside the State of the products resulting from such manufacture. Articles normally in such current of commerce shall not be considered out of such commerce through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this Act. For the purpose of this paragraph the word "State" includes Territory, the District of Columbia, possession of the United States, and foreign nation.



Union Calendar No. 657

90TH CONGRESS
2D SESSION

S. 3143

[Report No. 1621]

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1968

Referred to the Committee on Agriculture

JULY 2, 1968

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

AN ACT

To amend the Commodity Exchange Act, as amended, to make
frozen concentrated orange juice subject to the provisions
of such Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the third sentence of section 2 (a) of the Commodity
4 Exchange Act, as amended (7 U.S.C. 2), is amended by
5 striking out “and livestock products” and inserting in lieu
6 thereof “, livestock products, and frozen concentrated orange
7 juice”.

Passed the Senate May 17, 1968.

Attest:

FRANCIS R. VALEO,

Secretary.

90TH CONGRESS
2d SESSION

S. 3143

[Report No. 1621]

AN ACT

To amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such Act.

MAY 20, 1968

Referred to the Committee on Agriculture

JULY 2, 1968

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DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
TO BE QUOTED OR CITED)

Issued July 17, 1968
For actions of July 15th & July 16th, 1968
90th-2nd; No. 122

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HIGHLIGHTS: See page 6

HOUSE - July 15, 1968

1. REDWOOD NATIONAL PARK. Passed, 388-15, under suspension of the rules S. 2515, to authorize the establishment of the Redwood National Park, Calif. pp. H6677-81, E6550
2. TRAILS. Passed with amendment S. 827, to establish a nationwide system of trails. H. R. 4865, a similar bill which was passed earlier under suspension of the rules, was tabled. pp. H6693-706

3. HUNGER. Passed, 164-59, under suspension of the rules H. R. 17144, to establish a Commission on Hunger. pp. H6739-46

4. DAIRY. Passed with amendment S. 3638, to provide indemnity payments to dairy farmers. H. R. 17752, a similar bill which was passed earlier under suspension of the rules, was tabled. pp. H6706-7

5. COOPERATIVES. Passed, 272-106, under suspension of the rules S. 752, to amend the Interstate Commerce Act to clarify this exemption with respect to transportation performed by agricultural cooperative associations for nonmembers. This bill will now be sent to the President. pp. H6728-34

6. SCENIC RIVERS. Passed under suspension of the rules H. R. 18260, to provide for a national scenic rivers system. pp. H6717-28

7. COMMODITY EXCHANGES. Passed under suspension of the rules S. 3143, to make frozen concentrated, orange juice subject to the provisions of the Commodity Exchange Act. pp. H6750-51

8. RECLAMATION. Passed under suspension of the rules H. R. 9362, to authorize the Secretary of the Interior to construct, operate, and maintain the Mountain Park reclamation project, Okla. pp. H6683-7
Passed, 294-104, under suspension of the rules H. R. 5117, to authorize the Secretary of the Interior to construct, operate, and maintain stage 1 of the Palmetto Bend reclamation project, Tex. pp. H6690-93
Passed, 264-128, under suspension of the rules S. 6, to authorize the Secretary of the Interior to construct, operate, and maintain the first state of the Oahe unit, James division, Missouri River Basin project, S. Dak. pp. H6713-17

9. ELECTRIFICATION. Passed with amendment S. 2445, to amend the Federal Power Act to clarify the manner in which the licensing authority of the Commission and the right of the U. S. to take over a project or projects upon or after the expiration of any license shall be exercised. H. R. 12698, a similar bill, which was passed earlier under suspension of the rules, was tabled. pp. H6707-11

10. TRADE FAIRS. Passed, 142-35, under suspension of the rules, H. R. 18340, to amend the Merchant Marine Act, 1936, to provide for the continuation of authority to develop American flag carriers and promote the foreign commerce of the U. S. through the use of mobile trade fairs. pp. H6746-47

11. WILDLIFE. Passed under suspension of the rules H. R. 11026, to amend the act of September 15, 1960, for the purpose of developing and enhancing recreational opportunities and improving the fish and wildlife programs at reservations covered by said act. pp. H6737-39

12. ORGANIZATION. Rep. Roth discussed his bill to establish a "Hoover-type" commission "to study completely and fully the usefulness, scope, and substance of all Federal programs and activities." pp. H6753-63

interstate commerce or of any facility of a national securities exchange or otherwise, to make a tender offer for, or a request or invitation for tenders of, any class of any equity security which is registered pursuant to section 12 of this title, or any equity security issued by a closed-end investment company registered under the Investment Company Act of 1940, if, after consummation thereof, such person would, directly or indirectly, be the beneficial owner of more than 10 per centum of such class, unless at the time copies of the offer or request or invitation are first published or sent or given to security holders such person has filed with the Commission a statement containing such of the information specified in section 13(d) of this title, and such additional information as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors. All requests or invitations for tenders or advertisements making a tender offer or requesting or inviting tenders of such a security shall be filed as a part of such statement and shall contain such of the information contained in such statement as the Commission may by rules and regulations prescribe. Copies of any additional material soliciting or requesting such tender offers subsequent to the initial solicitation or request shall contain such information as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors, and shall be filed with the Commission not later than the time copies of such material are first published or sent or given to security holders. Copies of all statements, in the form in which such material is furnished to security holders and the Commission, shall be sent to the issuer not later than the date such material is first published or sent or given to any security holders.

"(2) When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a 'person' for purposes of this subsection.

"(3) In determining, for purposes of this subsection, any percentage of a class of any security, such class shall be deemed to consist of the amount of the outstanding securities of such class, exclusive of any securities of such class held by or for the account of the issuer or a subsidiary of the issuer.

"(4) Any solicitation or recommendation to the holders of such a security to accept or reject a tender offer or request or invitation for tenders shall be made in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

"(5) Securities deposited pursuant to a tender offer or request or invitation for tenders may be withdrawn by or on behalf of the depositor at any time until the expiration of seven days after the time definitive copies of the offer or request or invitation are first published or sent or given to security holders, and at any time after sixty days from the date of the original tender offer or request or invitation, except as the Commission may otherwise prescribe by rules, regulations, or order as necessary or appropriate in the public interest or for the protection of investors.

"(6) Where any person makes a tender offer, or request or invitation for tenders, for less than all the outstanding equity securities of a class, and where a greater number of securities is deposited pursuant thereto within ten days after copies of the offer or request or invitation are first published or sent or given to security holders than such person is bound or willing to take up and pay for,

the securities taken up shall be taken up as nearly as may be pro rata, disregarding fractions, according to the number of securities deposited by each depositor. The provisions of this subsection shall also apply to securities deposited within ten days after notice of an increase in the consideration offered to security holders, as described in paragraph (7), is first published or sent or given to security holders.

"(7) Where any person varies the terms of a tender offer or request or invitation for tenders before the expiration thereof by increasing the consideration offered to holders of such securities, such person shall pay the increased consideration to each security holder whose securities are taken up and paid for pursuant to the tender offer or request or invitation for tenders whether or not such securities have been taken up by such person before the variation of the tender offer or request or invitation.

"(8) The provisions of this subsection shall not apply to any offer for, or request or invitation for tenders of, any security.

"(A) proposed to be made by means of a registration statement under the Securities Act of 1933;

"(B) if the acquisition of such security, together with all other acquisitions by the same person of securities of the same class during the preceding twelve months, would not exceed 2 per centum of that class;

"(C) by the issuer of such security; or

"(D) which the Commission, by rules or regulations or by order, shall exempt from the provisions of this subsection as not entered into for the purpose of, and not having the effect of, changing or influencing the control of the issuer or otherwise as not comprehended within the purposes of this subsection.

"(e) It shall be unlawful for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or to engage in any fraudulent, deceptive, or manipulative acts or practices, in connection with any tender offer or request or invitation for tenders, or any solicitation of security holders in opposition to or in favor of any such offer, request, or invitation.

"(f) If, pursuant to any arrangement or understanding with the person or persons acquiring securities in a transaction subject to subsection (d) of this section or subsection (d) of section 13 of this title, any persons are to be elected or designated as directors of the issuer, otherwise than at a meeting of security holders, and the persons so elected or designated will constitute a majority of the directors of the issuer, then, prior to the time any such person takes office as a director, and in accordance with rules and regulations prescribed by the Commission, the issuer shall file with the Commission, and transmit to all holders of record of securities of the issuer who would be entitled to vote at a meeting for election of directors, information substantially equivalent to the information which would be required by subsection (a) or (c) of this section to be transmitted if such person or persons were nominees for election as directors at a meeting of such security holders."

The SPEAKER. Is a second demanded?

Mr. SPRINGER. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. MOSS. Mr. Speaker, I yield to the gentleman from Missouri

Mr. HALL. Mr. Speaker, is this legislation directed at any single group or individual?

Mr. MOSS. It is not. It is a general law applicable to any tender or offer to take over or to purchase control through cash transactions by the same powers in the Commission that prevail now in proxy by a disclosure bill.

Mr. HALL. Mr. Speaker, I appreciate the gentleman's statement. I appreciate his yielding. I have only one other question. Were there any evidences in the hearings on the presentation of this bill that there is this need for public disclosure in the national interest or our investment security therein?

Mr. MOSS. There is a rather large body of such evidence. I think the appearance before the committee of the Securities Exchange Commission, the Federal Reserve Board, the New York Stock Exchange, the American Bankers' Association, the American Life Convention, and the Life Insurance Association of America, and numerous other leading financial groups would indicate a strong backing for this type of legislation.

Mr. HALL. Mr. Speaker, does the gentleman find any objection as far as the hearings are concerned to the cash tender offer over the proxy contest, the leading cause of mergers and bigness in business?

Mr. MOSS. I find nothing inherently wrong as long as full disclosure is made.

Mr. HALL. Mr. Speaker, is there any indication that this should be a normal function of the Securities and Exchange Commission?

Mr. MOSS. I believe by custom since the 1934 act this or a related function has been very much a part of the responsibility of the Securities and Exchange Commission.

Mr. HALL. And we do not find it necessary to spend another \$875,000 to aid and abet them in this further disclosure effort?

Mr. MOSS. No, and it is not felt by the Commission that this would add any appreciable amount of burden to the work of the Commission.

Mr. SPRINGER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, to abbreviate this, the purpose of the bill is to require disclosure in two situations which the SEC believes ought to be required.

The first is when persons make a take-over bid, very similar to the one which Hughes made on ABC a week ago last Tuesday.

The second is where a corporation buys up its own stock.

When the parties are playing the take-over game and scrambling for shares, certainly disclosure is clearly needed for the benefit of all the remaining stockholders. Unless the individual stockholders have knowledge of take-over bids they simply will not know what is going to happen to their own stock. There is no way of knowing, unless there is a disclosure of the take-over bid, revealed through the SEC.

I believe that many Members know of instances where corporations buy up

stock for their own pension and profit sharing purposes. The need here for SEC interference may be less, but certainly when the company is buying up stock to invest in pension sharing plans there ought to be disclosure to everybody else who is dealing in the market in that particular stock.

To meet these two problems the committee says that the SEC rules must be for the purpose of first defining fraudulent, deceptive, and manipulative practices; and, second, prescribing means to prevent those manipulative practices. As long as the Commission has that power to force disclosure and secondly to be able to define what manipulative, deceptive or fraudulent practices are, then I believe we are safe in this field.

The committee gave real consideration to all the evidence which was introduced. We did have some objections raised. We modified the bill, we thought, to meet some of these objections by some of the large companies which were purchasing stock for pension plans, but we did not modify it to prevent the SEC from reasonably forcing disclosure.

I recommend passage of the bill.

Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts [Mr. KEITH].

(Mr. KEITH asked and was given permission to revise and extend his remarks.)

Mr. KEITH. Mr. Speaker, in deference to those who are eager for a vote and because of the excellent presentation of the case which has been made by my colleagues from California and Illinois, I will extend my remarks. I state further there is a proviso which makes this not lie to the corporation which does not qualify under section 12(g) of the Securities Act; namely, a corporation with less than \$1 million and fewer than 500 shareholders.

Mr. SPRINGER. Mr. Speaker, I yield to the gentleman from South Carolina [Mr. WATSON].

Mr. WATSON. Mr. Speaker, I think in order to establish some legislative history on this important piece of legislation here, we should insert some remarks at this point in the RECORD, and I hope that the Members will avail themselves of the opportunity of reading these remarks a little later on in order to get a little interpretative help as far as this legislation is concerned.

Mr. Speaker, I want to call the attention of the House to the fact that the committee made clarifying changes in the bill as passed by the Senate with regard to the purchase by an issuer of its own securities. As passed by the Senate, several questions were raised as to the application of the legislation to purchases to carry out the purposes of employee benefit plans. The report of the House committee, in explaining the changes adopted by it, makes clear that the rules and regulations which the SEC is empowered to promulgate are not intended to prevent legitimate purchases by the issuer of its own securities for normal activities, such as acquisitions for distribution under a stock option, employees' stock purchase, employees' saving, bonus, or incentive plan.

I also want to note that during the course of this legislation the SEC prepared a draft of proposed rule 10b-10 designed to implement its rulemaking authority. This draft was circulated to a small group of interested parties. I understand there was substantial industry opposition to it because of its adverse effect on legitimate purchases of securities by the issuer or its pension, profit sharing or other employee benefit plan. Enactment of this legislation does not represent approval of the draft of the proposed rules. The subject should be carefully reviewed by all concerned in light of the authority more clearly stated in the bill.

(Mr. WATSON asked and was given permission to revise and extend his remarks.)

Mr. SPRINGER. Mr. Speaker, I yield to the gentleman from Ohio [Mr. WHALEN].

(Mr. WHALEN asked and was given permission to revise and extend his remarks.)

Mr. WHALEN. Mr. Speaker, I have introduced a bill similar to S. 510 as amended by the Interstate and Foreign Commerce Committee. Therefore, I am taking this opportunity to urge its passage as it comes before us today under the suspension of the rules.

As you know, this legislation, which passed the Senate last year, amends the Securities Exchange Act of 1934 by requiring the disclosure of pertinent information and would afford other protections to stockholders first, when a person or group of persons seeks to acquire a substantial block of equity securities of a corporation by a cash tender offer, alternately called a "takeover bid," or through open market or privately negotiated purchases, or second, when a corporation repurchases its own equity securities.

Although the Securities Act of 1933 and the Securities Exchange Act of 1934 provide protection for millions of investors by requiring full disclosure of information in connection with the public offering or trading of securities, there is a gap in these laws which leaves the cash tender offer exempt from these disclosure provisions. At present, the shareholder must make a decision to reject or accept a bid for his securities on the basis of a market price which reflects an evaluation of the company based on the assumption that the present management and its policies will continue. On the other hand, he has no information regarding the person seeking control. Certainly, the shareholder should be able to obtain relevant information concerning the persons who seek control and their plans. Under S. 510, this information would be available, thus affording the investor an opportunity to make a factual decision.

Mr. Speaker, I trust the House will favorably consider this measure.

Mr. SPRINGER. Mr. Speaker, I yield to the distinguished gentleman from Michigan [Mr. BROWN].

Mr. BROWN of Michigan. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, in the report I notice this statement:

Statements were received for the record in opposition to the measure from two drug manufacturing firms.

Could the gentleman tell me the nature of this opposition?

Mr. MOSS. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. Yes. I yield to the gentleman from California.

Mr. MOSS. The amendments requested by the two drug manufacturing companies were to exempt transactions in their own stock up to 2 percent of the total amount in any one year. Two percent applied to some of our American corporations can gain effective control and the exemption was not felt by the committee to be in the public interest.

Mr. SPRINGER. May I say to the gentleman on that further that as I recall it there were three or four votes for the amendment.

The SPEAKER. The question is on the motion offered by the gentleman from California [Mr. Moss] that the House suspend the rules and pass the bill S. 510 as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MOSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

REGULATION OF FUTURES TRADING IN FROZEN CONCENTRATED ORANGE JUICE

Mr. POAGE. Mr. Speaker, I move to suspend the rules and pass the bill (S. 3143) to amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such act.

The Clerk read as follows:

S. 3143

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third sentence of section 2(a) of the Commodity Exchange Act, as amended (7 U.S.C. 2), is amended by striking out "and livestock products" and inserting in lieu thereof "livestock products, and frozen concentrated orange juice".

The SPEAKER. Is a second demanded?

Mr. BELCHER. Mr. Speaker, I demand a second.

The SPEAKER. The Chair at this time desires to express appreciation to all of the Members for their understanding and their patience.

Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Texas

that the House suspend the rules and pass the bill S. 3143.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

STATE FIREARMS CONTROL ASSISTANCE ACT OF 1968

(Mr. KING of New York asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KING of New York. Mr. Speaker, later this week the House will be called upon to consider H.R. 17735, the State Firearms Control Assistance Act of 1968. Like the other Members of Congress, I have been virtually snowed under by letters from my constituents both for and against this legislation.

A good friend of mine, the Honorable Homer E. Peters, an attorney at law, from Albany, N.Y., recently wrote a letter to the editor of the Knickerbocker News, a newspaper published in Albany, N.Y., stating briefly his opposition to certain features of the proposed gun legislation. The editor saw fit to comment on his letter, and Mr. Peters thereupon wrote him a long letter setting forth in greater detail his reasons for supporting gun legislation but opposing registration. I think Mr. Peters' letter is enlightening and should be read by all Members, particularly by those who constitute our Judiciary Committee in the House. I insert the newspaper article and Mr. Peters' letter in the RECORD at this point:

JULY 12, 1968.

The EDITOR,
Knickerbocker News,
Albany, N.Y.

DEAR SIR: Thank you for publishing on July 9th my comments upon gun control legislation. At the time the published letter was written, the thrust of the arguments in favor of strict gun control legislation, including registration of all guns, was the existence of similar laws in Europe and Japan. This argument was, of course, without any real merit, so some new justification for laws requiring the registration of guns had to be advanced by the proponents of the proposed legislation.

It is now contended that registration of all guns, sporting or otherwise, would render law enforcement easier and more effective. This contention may be true, but by itself furnishes no justification for enactment of a law as proposed, requiring registration of guns, the fingerprinting and photographing of owners.

Merely because the enactment of some law will render law enforcement easier by placing more power in the hands of the police does not justify the passage of the legislation. This principle is basic and I am certain all private citizens, other than police authorities, will agree with it. For example, if all citizens were required to carry identification cards bearing their fingerprints and photographs and to report to the police when they move from one place to another, law enforcement would be made far more efficient and probably would be crime restrictive as a result, but I am sure such enactment would be opposed by most citizens as an unreasonable infringement upon personal liberty and another step toward a police state.

The statement in the comments appended to my letter to the effect that "no bona fide hunter would be deprived of his weapon by

any present or contemplated law" is highly questionable and of doubtful validity. No person in or out of government can with assurance or any reliability make such a commitment. It should be kept in mind that once all guns are registered, there is a public record of each owner, his fingerprints, his photograph, his address and the serial number of each gun.

I am sure you will recall that prior to World War II, Holland had a statute requiring the registration of all guns by their owners. When the Germans invaded Holland, one of their first acts was to impound or seize all of the guns so registered. Any citizen unable to account for the whereabouts of his gun was promptly jailed. As a result of this gun registration law, the invaders were able to disarm all citizens of Holland and effectively destroy armed resistance. This example furnishes a cogent argument by itself against any law requiring the registration of firearms.

Can you, or any other person, if the proposed legislation is enacted, assure any hunter that when some civil disorder occurs in a community, that all guns which have been registered therein will not be promptly confiscated and held in protective custody until the whim of the law enforcement agency impounding them elects to return them to their owners?

Can you, or any other person, assure any hunter that when a crime is committed in a community by the use of a gun and the gun is not found, that the police will not come to hunters' home at any hour of the day or night, require them to account for all their guns and impound such as the police might elect to seize?

Can you, or any other person, as you imply, assure a hunter what further law is "contemplated" in reference to rifles and shotguns now in the hands of law-abiding citizens?

I am certain that if hunters could be assured—which they obviously cannot be—that nothing further would be done to harass them, once their guns were registered, their fingerprints and photographs taken, and a license issued to them, that opposition to the proposed registration legislation would diminish. It is the potential opportunity for continued harassment and the enactment of implementing laws which the legislation clearly opens up that is the basis for most of the opposition to this legislation.

Those who do not own guns, or those who have not expressed or considered all of the adverse possibilities which the legislation presents, are, of course, in support of the proposed law. This type of blind and uninformed support should not be given any weight by the members of Congress considering the legislation.

To attempt, as a justification for the proposed law, to equate gun registration with registration, for example, of automobiles, is specious. First, an owner of a motor vehicle is not required to register it unless he proposes to drive it upon a public highway. On the other hand, the owner of any rifle or shotgun, wherever the firearm was kept or whether it was ever used or not, would be required to register the gun, and the owner subjected to fingerprinting and photographing. Second, once registered, a motor vehicle legally may be loaned to any person, it may legally be driven by any licensed driver, it may legally be sold to anyone, it may legally be driven cross state lines, or it may legally be junked without reporting this fact to anyone.

Not so under the proposed gun registration legislation. Under the proposed law an owner of a gun could not legally sell the gun to anyone he wished, he could not legally loan it, his right to take his gun across a state line would be drastically restricted, and he

could not legally destroy the gun with impunity.

To read or listen to the propaganda as to the necessity of gun control legislation, an uninformed person would come to the conclusion that few, if any, laws presently exist or control the use or sale of all types of guns. On the contrary many states and cities have extremely strict gun control statutes. For your information, I enclose a few of the statutes of this state, which I am sure you will concede, if enforced, would materially reduce crimes with guns. These statutes, among others, are Title P, Secs. 265.00-265.35, and Title W, Secs. 400-400.05 of the Penal Law.

These laws relate to possession under certain conditions of all guns, the licensing of dealers, reporting of sales in designated instances to the police, the firing of guns, who may legally own or possess guns and other related subjects. In addition, the Conservation Law prohibits hunting within 500 feet of any dwelling and the licensing of any hunter unless he can prove that he was previously licensed or that he had taken and passed a prescribed course in handling and using guns.

Unfortunately, many of these laws are not rigidly enforced and this fact has led many of our uninformed citizens to suspect that such laws do not exist.

What I have said above is limited to the possession and use of rifles and shotguns for sporting purposes or for self defense upon the property or household of a citizen. I am not opposed, nor is anyone else with whom I have discussed the subject, opposed to a waiting period for purchasing new firearms, a prohibition against mail order sales, sales by licensed dealers only to gun owners possessing identification cards similar to those presently issued throughout the country to millions of hunters as a condition of their having the privilege of hunting.

However, I am opposed, without some definitive proof of necessity, to the enactment of any legislation which will have the positive effect of further restricting the personal liberties of our citizens by placing them at the mercy of our police officers. If the proposed legislation would positively or effectively prevent crimes, I am certain it would be unopposed in spite of its restrictions upon our personal liberties. However, law enforcement experience has demonstrated in the field of gun control that crime has not been materially deterred by strict gun control statutes.

Shortly after the death of the late President Kennedy, the City of Philadelphia enacted an extremely rigid gun control ordinance. The District Attorney of that city was recently quoted as saying that the ordinance has not had any appreciable effect upon the reduction of crimes by the use of firearms and many of those voting for the ordinance are now apologizing to their constituents.

The statistics recently given by Attorney General Clark purporting to demonstrate that crimes by guns are lower in states having strict gun control laws is of doubtful validity since he failed to include in his submission many states which have very few control statutes, and very few crimes with guns, such as Vermont.

The proponents of strict gun control laws appear to find something sinister or evil in the so-called lobbying tactics of the National Rifle Association. I am not now nor have I ever been a member of this association. There is nothing illegal about any person or association attempting to influence legislation. On the contrary, there is no other effective way that legislators may be informed of the merits or demerits of legislation. Because the proponents of strict gun control legislation believe their wishes are being thwarted by the National Rifle Association does not furnish any justification for attacking the in-

tegrity of the members of that organization. The fact that someone disagrees with me or my views does not necessarily make him evil or wrong.

I personally question the astuteness and the validity of the arguments of many of those well-meaning citizens who support the strict gun control legislation now before Congress, but I do not question their integrity or their right to advance their contentions, regardless of their soundness.

You are apparently under the impression that hunters feel that they are entitled to some special consideration not accorded to other citizens. Such an impression, I believe, is grossly erroneous. In advancing such an assumption, you should remember that hunters are generally law-abiding, and tax-paying citizens. To hunt they must be licensed and in this state must annually prove, to obtain their licenses, that they had one the year before or have been accredited as qualified to use safely a gun while hunting.

Most of these hunters have already been licensed or registered in all of the categories you mention in your appendix to my letter. Accordingly, they are not, and do not seek any special privilege or treatment.

However, on the other hand, they properly, in my opinion, resent any law subjecting them to the same treatment presently accorded to persons charged with crimes, namely, fingerprinting and "mugging" or photographing.

Very truly yours,

HOMER E. PETERS.

MAIL BAG: A HUNTER, HE'S AGAINST GUN LAW

Recent articles appearing in your newspaper in favor of so-called gun control legislation seem to rely upon the fact that few guns are owned or used in Europe or in Japan. From this premise it is argued the same principle should apply in this country.

By the same logic it would be contended with some force, that since jury trials are not permitted, except to a limited degree in those same countries, jury trials should be curtailed drastically in the United States.

The fact is that this is not any valid grounds for comparing the statutes of one country with those of another, unless the conditions which exist in relation to those statutes in each country are substantially the same.

In Europe and in Japan there never has been for centuries any sport of hunting, whereby lands are open to the general public. Hunting in those countries is a rich man's sport limited to a relatively privileged few people. In this country the federal government, as well as most of our state's promote and encourage as a sport, hunting for wildlife. There are literally thousands of acres of shore front, upland country and forests where the citizens of this country enjoy hunting as a sport. To enjoy this sport, rifles and shotguns must be possessed by the participants.

Hunting, to thousands of our citizens is an excellent form of recreation. The fact that many people prefer other forms of recreation is not any grounds for denying the recreation of hunting to those who enjoy it.

I have yet to hear any person who enjoys hunting as a sport advocate gun control legislation beyond limiting the sale of firearms by mail or to criminals, minors, or those mentally ill. Those such as the recently-censored Senator Dodd who advocate the registration of individual guns, you will find, do not, and never have enjoyed hunting as a sport and couldn't care less whether hunting is permitted.

The most dangerous instrumentality within this country is the private automobile. Thousands are killed and injured yearly by the automobile. There is more sense or logic to enacting legislation which will make it extremely expensive or difficult to qualify as

an owner of an automobile, than there is to enact similar legislation affecting the ownership of rifles and shotguns.

I have hunted for many years and am acquainted with scores of people who own or have owned rifles or shotguns, not one of them to my knowledge, has ever been injured by a rifle or shotgun. Unfortunately I cannot say the same about my friends and acquaintances and their automobiles.

The fact that people have been killed or injured by rifles or shotguns furnishes no more justification for unnecessarily or punitively harassing the owners of them than does the fact that persons are duly being killed or maimed by motor vehicles which they own and operate.

HOMER E. PETERS.

ALBANY.

NOTE.—The two chief gun control laws before Congress call for registration of gun owners or guns, or both. This no more constitutes "unnecessarily or punitively harassing" the gun owners than registration of births, marriages, deaths, automobiles, drivers, boats, airplanes or pilots represents similar harassment. What makes hunters and, of all things, guns, deserving of special treatment? No bona fide hunter would be deprived of his weapon by any present or contemplated law. Any inconvenience involved in registration would be infinitesimal compared with the benefits involved.

THE INTERNAL SECURITY OF THE UNITED STATES

(Mr. DEL CLAWSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEL CLAWSON. Mr. Speaker, it is a perfectly natural reflexive reaction for those who have supported the Committee on Un-American Activities in a tumultuous history which has included continual assaults on its integrity to be suspicious of changes and be apprehensive that they may be subversively inspired. But as the sponsor of House Resolution 149, companion to House Resolution 148 introduced by my colleague from Missouri [Mr. ICHORD], I am concerned at the way the resolution is being misinterpreted by some of those most deeply interested in the work of the committee.

Service on this committee is the best way I know to become convinced of the need for continued congressional oversight over the operation of the security system of this country. The farflung, subterranean and devious network of forces which surface with the prodding of our investigations is as active and potent as ever and constantly capitalizing upon each area of weakness or dissension in American society. The violent, dissident spirit abroad in this country is a fertile breeding ground for Communist cells and daily new militant subversive terrorist groups seem to spring into being. I would be the last to suggest that we now proceed to weaken or destroy this vital committee as is being suggested.

An actual comparison of the original mandate with the suggested changes should unequivocally dispel all doubts and demonstrate that what will be accomplished is the strengthening, clarification and broadening of the powers of the committee.

The powers and duties of the committee are now described as follows:

(b) The Committee on Un-American Activities, as a whole or by subcommittee, is authorized to make from time to time investigations of (1) the extent, character, and objects of un-American propaganda activities in the United States, (2) the diffusion within the United States of subversive and un-American propaganda that is instigated from foreign countries or of a domestic origin and attacks the principle of the form of government as guaranteed by our Constitution, and (3) all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

House Resolution 148 and House Resolution 149, will change them as follows:

"11. Committee on Internal Security.

"(a) Measures relating to Communist and other subversive activities affecting the internal security of the United States.

"(b) The Committee on Internal Security, acting as a whole or by subcommittee, is authorized to make investigations from time to time of (1) the extent, character, objectives, and activities within the United States of organizations or groups, whether of foreign or domestic origin, their members, agents and affiliates, which seek to establish, or assist in the establishment of, a totalitarian dictatorship within the United States, or to overthrow or alter, or assist in the overthrow or alteration of, the form of government of the United States or of any State thereof, by force, violence, treachery, espionage, sabotage, insurrection, or any unlawful means, (2) the extent, character, objectives, and activities within the United States of organizations or groups, their members, agents, and affiliates, which incite or employ acts of force, violence, terrorism, or any unlawful means, to obstruct or oppose the lawful authority of the Government of the United States in the execution of any law or policy affecting the internal security of the United States, and (3) all other questions, including the administration and execution of any law of the United States, or any portion of law, relating to the foregoing that would aid the Congress or any committee of the House in any necessary remedial legislation.

It is our intent that the legal questions which have been raised to the jurisdiction of the committee over any but Communist activities be answered by this new language and that foreseeable challenges be met in advance. Although the name will correspond with the Senate committee, it should also be emphasized that the new committee would still remain a separately constituted committee of the House and that jurisdiction would not be transferred to the Judiciary Committee as has been falsely reported. The issue of membership and seniority would be subject, as always to the approval of each party, but the gentleman from Missouri [Mr. ICHORD] has announced, and I concur in the statement, that "there is no intent to affect seniority and membership on the committee in any respect."

Finally, the resolution clarifies the provision relating to the committee's "legislative oversight functions." The proposed resolution makes clear that this authority includes not only the administration and execution of "laws" within the jurisdiction of the committee but any "portion of law" which relates to Communist or subversive activities, although another committee may have general jurisdiction over the whole or major part of said law.

We thank those who have demonstrated by their strong reaction to the suggestion that the committee might be



Public Law 90-418
90th Congress, S. 3143
July 23, 1968

An Act

82 STAT. 413

To amend the Commodity Exchange Act, as amended, to make frozen concentrated orange juice subject to the provisions of such Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third sentence of section 2(a) of the Commodity Exchange Act, as amended (7 U.S.C. 2), is amended by striking out "and livestock products" and inserting in lieu thereof "livestock products, and frozen concentrated orange juice".

Commodity Exchange Act,
amendment.
49 Stat. 1491;
Ante, p. 26.

Approved July 23, 1968.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 1621 (Comm. on Agriculture).
SENATE REPORT No. 1128 (Comm. on Agriculture & Forestry).
CONGRESSIONAL RECORD, Vol. 114 (1968):
May 17: Considered and passed Senate.
July 15: Considered and passed House.

